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7
8 UNITED STATES DISTRICT COURT
9 CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION

10
11 GLENN DANZIG, an individual,
12 Plaintiff,

13 vs.

14 GERALD CAIAFA, an individual;
CYCLOPIAN MUSIC, INC., a
15 corporation; and DOES 1 through 10,
inclusive,

16 Defendants.
17

CASE NO. CV14-02540 RGK-RZx
Hon. R. Gary Klausner

PLAINTIFF'S REDACTED
MEMORANDUM OF
CONTENTIONS OF FACT AND
LAW

Date: May 5, 2015
Time: 9:00 a.m.
Ct. No.: 850

Action Filed: April 3, 2014
Trial Date: May 5, 2015

18
19 AND RELATED COUNTERCLAIM.
20

21 Plaintiff Glenn Danzig ("plaintiff") respectfully submits the following
22 memorandum of contentions of fact and law pursuant to Local Rule 16-4.

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1 **I. INTRODUCTION**

2 The factual issue in this case is whether defendants Gerald Caiafa (“Caiafa”)
3 and Cycloplan Music, Inc. (“Cycloplan”) (collectively, “defendants”) wrongfully
4 interfered with plaintiff’s ability to sell merchandise bearing plaintiff’s Misfits Skull
5 logo, also known as the Fiend Skull, to third party retailer Hot Topic, Inc. (“Hot
6 Topic”) or any other third party. The evidence at trial will answer that question in
7 the affirmative and establish each element of plaintiff’s claim: that plaintiff has
8 ongoing commercial relationships with Hot Topic and other third parties; that
9 defendants interfered with those relationships by fraudulently misrepresenting that
10 they were the exclusive owners of the Skull design, thereby libeling plaintiff by
11 falsely representing that he did not have the right to sell retailers merchandise
12 bearing his Skull logo; and that, as a result of defendants’ fraud and trade libel, Hot
13 Topic has refused to buy Skull merchandise from plaintiff or his licensees.

14 Plaintiff’s damages consist of royalties he would have earned in the amount
15 of approximately \$200,000 per year. In addition, plaintiff will seek a declaration
16 that Hot Topic may purchase Skull merchandise from plaintiff without liability to
17 defendants, and injunctive relief prohibiting defendants from interfering with
18 plaintiff’s economic relationship with Hot Topic and other retailers based on claims
19 that defendants are the exclusive owners of the Skull logo. Plaintiff will seek such
20 prospective relief by amendment to his complaint or, in the alterative, pursuant to a
21 demand for judgment pursuant to Fed.R.Civ.P. 54(c).

22 **II. FACTUAL BACKGROUND**

23 **A. Defendants’ Claim**

24 Plaintiff formed the classic band The Misfits in 1977. The band performed
25 and recorded through 1983, when it broke up. Plaintiff was The Misfits’ creative
26 engine. He named the Misfits, wrote all of the Misfits songs, and was the Misfits
27 lead singer. Fans refer to the 1977 to 1983 period as the Misfits’ “classic” era.

28 / / /

1 Plaintiff is not only a musician, he also is trained a graphic artist. He created
 2 the unique font used for the word “Misfits” on the classic Misfits’ album artwork
 3 and elsewhere. Most important for the instant action, he created the Misfits Skull
 4 logo, also referred to as the “Fiend” Skull (the “Skull Logo”), which he adapted
 5 from a public domain poster for a 1940s film serial called “Crimson Ghost” that
 6 depicted a stylized human skeleton wearing a flowing robe.

7 Caiafa, who is Cycloplan’s principal and agent, did not create the idea for the
 8 Skull logo or Misfits font, design the Skull logo or the Misfits font, or write any of
 9 the Misfits’ songs. Caiafa was not even a founding member of the Misfits or a
 10 featured member. Caiafa was a substitute bass player whom plaintiff invited to join
 11 the band after it was formed.

12 During the classic era the Misfits enjoyed success primarily among “Punk
 13 Rock” fans. After the group disbanded, plaintiff went on to achieve enormous
 14 international success and a much wider audience with his bands Samhain and
 15 Danzig. Meanwhile, Caiafa left music to work at his father’s factory, except for a
 16 brief stint in an unsuccessful group called “Kryst the Conqueror.”

17 Plaintiff’s post-Misfits success brought renewed attention to the Misfits and
 18 new sales of classic Misfits albums and merchandise. Caiafa and other former
 19 Misfits members sued plaintiff to capitalize on his success. In early 1995 the parties
 20 entered into a written settlement agreement dated as of December 31, 1994 (the
 21 “1995 Agreement”). Among other things, they agreed as follows:

22 5. Merchandising: *The parties shall be co-owners of*
 23 *the name and trademarks of the Misfits and all logo(s)*
 24 *and artwork (including all artwork used on Misfits*
 25 *releases for Slash, Caroline or Plan 9 Records)*
 26 *previously associated therewith. ... The Plaintiffs and*
Danzig shall each have the non-exclusive right to
conduct merchandising and to exploit other rights
related to the use and exploitation of the name “Misfits”
and accompanying logos and artwork . . .

27 (Emphasis added.)

28 / / /

1 It is beyond dispute that the logos and artwork previously associated with The
2 Misfits and appearing on the band's albums included the Skull. The Skull appears
3 prominently on original videos of classic Misfits' performances, in photographs of
4 the classic Misfits, on their albums, on their album covers, and in period photos of
5 fans.

6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]

17 (Emphasis added.)

18 In fact, that statement was knowingly false. [REDACTED]
19 [REDACTED]

20 [REDACTED] As such, it is beyond dispute that the "Skull" of which defendants
21 claimed exclusive ownership was a "logo" and "artwork" subject to the 1995
22 Agreement's co-ownership provision.

23 Defendants have continued to make their false representations to Hot Topic
24 and enforce the Hot Topic Agreement based on those misrepresentations. For
25 example, on January 21, 2009, defendants' manager, John Cafiero emailed Hot
26 Topic's Tee Shirt buyer, Mikey Seitis, as follows:

27 *Cyclopien owns and controls the Misfits Trademarks,*
28 *including the famous Misfits Fiend Skull logo.*

1 (Emphasis added.)

2 As a result of their fraud on Hot Topic and their trade libel as to plaintiff's co-
3 ownership of the Skull, defendants have enjoyed repeated transactions pursuant to
4 which they have sold a plethora of different items bearing the Skull design to Hot
5 Topic. With each new purchase order and invoice, defendants have forced Hot
6 Topic to look to them as the sole vendor of Skull merchandise, thereby continuing to
7 prevent Hot Topic from purchasing merchandise bearing the Skull logo from
8 plaintiff and his licensees.

9 There is no dispute that plaintiff has an existing economic relationship with
10 Hot Topic that would include enjoyment of revenues from sales of merchandise
11 bearing the Skull design but for defendants' misrepresentations. Hot Topic is the
12 largest retailer of popular music related merchandise in North America. Plaintiff's
13 merchandiser, Live Nation Merchandise, Inc., ("LNM") is one of the two largest
14 merchandisers of such merchandise in North America. LNM, as plaintiff's licensee,
15 already sells Misfits related merchandise to Hot Topic and Skull merchandise to
16 other retailers. Hot Topic executives will testify that they would buy Skull
17 merchandise from plaintiff's licensees but for the restrictions to which defendants
18 fraudulently induced them to agree.

19 Defendants, by defrauding Hot Topic and libeling plaintiff, have caused
20 plaintiff to suffer lost revenues of at least \$200,000. Defendants insist that they will
21 continue to capitalize on their misrepresentations and interfere with plaintiff's
22 ability to sell merchandise bearing the Skull logo to Hot Topic, thereby making
23 future damages a certainty unless enjoined or otherwise prevented by this Court.

24 **B. Cyclopien's Purported Counterclaim**

25 In its defensive counterclaim, Cyclopien alleges that plaintiff advertised live
26 performances and performed as "The Misfits" in violation of "defendants'"
27 trademark. In fact, plaintiff co-owns the "Misfits" name. In any event, since
28 entering into the 1995 Agreement plaintiff has never performed as The Misfits. He

1 has performed Misfits songs, which he is entirely within his rights to do as the
2 songs' composer, and which nothing in the Agreement prevents him from doing.

3 Cyclopien has produced a few listings using the word "Misfits" in connection
4 with plaintiff's live performances. Those listings do not purport to state plaintiff is
5 performing as the Misfits. Even if they did, before defendants produced them
6 plaintiff had no knowledge of those advertisements and no involvement with them
7 and, therefore, is not responsible for them. In all likelihood, concert promoters, over
8 whom plaintiff had no control, created and placed the ads. Moreover, defendants
9 have produced no evidence of any damages as a result of the alleged performances,
10 and no evidence that plaintiff profited from the advertisements. Nor is there such
11 evidence; plaintiff's reputation and fan base accounts for his ticket sales. Nor have
12 defendants disclosed the existence of any such evidence in their initial disclosures or
13 any amendment thereto.

14 **III. CLAIMS AND DEFENSES**

15 **A. Plaintiff's Claims**

16 1. Claim for damages for interference with prospective business
17 advantage against defendants.

18 2. Declaratory Relief, for a declaration that Hot Topic may purchase Skull
19 merchandise from plaintiff without incurring liability to defendants (subject to
20 ruling granting motion for leave to amend first amended complaint or request for
21 judgment pursuant to Fed.R.Civ.P. 54(c)).

22 3. Claim for injunctive relief for statutory unfair competition, in violation
23 of California Business & Professions Code section 17200, for injunctive relief
24 prohibiting defendants from interfering with plaintiff's economic relationship with
25 Hot Topic, Inc. (subject to ruling granting motion for leave to amend first amended
26 complaint or request for judgment pursuant to Fed.R.Civ.P. 54(c)).

27 ///

28 ///

1 1. **Elements Required to Establish Plaintiff's Claim for**
2 **Interference with Prospective Economic Advantage**

3 1. Plaintiff and Hot Topic were in an economic relationship that probably
4 would have resulted in an economic benefit to plaintiff.

5 2. Defendants, or either of them, knew of the relationship.

6 3. Defendants, or either of them, engaged in trade libel, fraud or
7 concealment.

8 4. By engaging in that conduct, defendants intended to disrupt the
9 relationship or knew that disruption of the relationship was certain or substantially
10 certain to occur.

11 5. That the relationship was disrupted.

12 6. That plaintiff was harmed.

13 7. That the conduct of defendants, or either of them, was a substantial
14 factor in causing plaintiff's harm.

15 (a) **Elements Required to Establish that Defendants**
16 **Committed Trade Libel**

17 1. That defendants, or either of them, made a statement that disparaged
18 plaintiff's right to sell merchandise bearing the Skull logo.

19 2. That the statement was made to a person other than plaintiff.

20 3. That the statement was untrue.

21 4. That defendants, or either of them, knew that the statement was untrue
22 or acted with reckless disregard of the truth or falsity of the statement.

23 5. That defendants, or either of them, knew or should have recognized that
24 someone else might act in reliance on the statement, causing plaintiff financial loss.

25 6. That plaintiff suffered direct financial harm because someone else acted
26 in reliance on the statement.

27 7. That the conduct of defendants, or either of them, was a substantial
28 factor in causing plaintiff's harm.

(b) **Elements Required to Establish Defendants' Intentional Misrepresentation**

1. That defendants, or either of them, represented to Hot Topic that a fact was true.
2. That the representation of defendants, or either of them, was false.
3. That defendants, or either of them, knew that the representation was false when they or one of them made it, or that they or one of them made the representation recklessly without regard for its truth.
4. That defendants, or either of them, intended for Hot Topic to rely on the representation.

(c) **Elements Required to Establish Defendants' Concealment**

1. That defendants, or either of them, disclosed some facts to Hot Topic, but intentionally failed to disclose other facts, making the disclosure deceptive.

2. Key Evidence In Support of Plaintiff's Claim

1. Testimony of plaintiff concerning the creation and use of the Skull logo during the classic Misfits era, and the 1995 Agreement.
2. Testimony of Hot Topic and its employees Mikey Seitis and Cindy Levitt that why Hot Topic has not purchased merchandise bearing the Skull logo from plaintiff and his licensees, and that it would do so were it not for defendants' claims of exclusive ownership of the logo.
3. Testimony of Diana Gresham-Corpus concerning plaintiff's sales of merchandise bearing the Skull logo, and anticipated sales to Hot Topic.
4. Testimony Caiafa and John Cafiero concerning the 1995 Agreement and their efforts to prevent Hot Topic from purchasing merchandise bearing the Skull logo from plaintiff.
5. Video, photographs, albums, album artwork, and merchandise bearing artwork and logos associated with the Misfits before December 31, 1994.

6. The 1995 Agreement.

7. The Hot Topic Agreement.

8. January 21, 2009 email from John Cafiero to Mikey Seitis.

9. Hot Topic business records reflecting Hot Topic's and defendants' continuing orders and sales of various merchandise bearing the Skull logo.

10. Hot Topic business records reflecting revenues Hot Topic has paid to defendants for merchandise bearing the Skull logo.

11. LNM business records of sales of Misfits-related merchandise.

B. Defendants' Affirmative Defenses Which They Intend to Pursue

Defendants have not disclosed what affirmative defenses they intend to pursue. Defendants have argued for the first time in their reply to plaintiff's opposition to defendants' motion for summary judgment, and then in their motion in limine no. 2 to exclude evidence of wrongful conduct that they contend occurred outside the statute of limitations, that plaintiff's claim for interference with prospective economic advantage, or some portion thereof, is barred by the statute of limitations. [Document 123.]

In fact, as is set forth in summary below at section III(D) and will be set forth in detail in plaintiff's opposition to defendants' motion in limine no. 2, the statute of limitations does not bar any portion of plaintiff's claim for defendants' interference with plaintiff's business relationship. First, defendants concealed their misrepresentations to Hot Topic until after plaintiff filed the instant action. Second, defendants' wrongful conduct constituted and continues to constitute a continuing wrong. Third, the limitations period was equitably tolled by plaintiff's pursuit of his remedies in related proceedings before the Trademark Trial and Appeals Board ("TTAB").

C. Defendants' Claim.

Claim for Unfair Competition under 15 U.S.C. § 1125(a)(1)(A).

///

1 1. **Elements Required to Establish Defendants' Claim for**
2 **Unfair Competition under 15 U.S.C. 1125(a)(1)(A)**

3 That plaintiff himself used or caused another to use in commerce any word,
4 term, name, symbol, or device, or any combination thereof, or any false designation
5 of origin, false or misleading description of fact, or false or misleading
6 representation of fact, which was likely to cause confusion, or to cause mistake,
7 among consumers that (a) the new Misfits were performing with Danzig at his live
8 music concerts; and/or (b) there is some affiliation, connection or association
9 between the new Misfits and Danzig's live music concerts.

10 2. **Key Evidence Relied on in Opposition to Plaintiff's Claim**

11 1. Plaintiff did not cause any live performance of his to be advertised as a
12 performance of Caiafa's Misfits or as associated in any manner with the Caiafa's
13 Misfits.

14 2. Plaintiff is unaware of any advertisement or promotion describing any
15 live performance of his as a performance of the Misfits.

16 3. Plaintiff has no desire to be associated with defendants' version of the
17 Misfits. Plaintiff's belief is that defendants' version of the Misfits is regarded with
18 disdain by critics, fans of the classic Misfits, and by his fans.

19 4. Plaintiff co-owns the Misfits trademark.

20 **D. Issues of Law**

21 Plaintiff's claims are not barred in whole or in part by the statute of
22 limitations.

23 First, the statute of limitations was tolled because defendants prevented
24 plaintiff from discovering defendants' specific misrepresentations to Hot Topic.
25 See, e.g., *Seelenfreund v. Terminix of Northern Calif., Inc.*, 84 Cal.App.3d 133, 138
26 (1978) ("[t]he principal purpose of the rule permitting postponed accrual of certain
27 causes of action is to protect aggrieved parties who, with justification, are ignorant
28 of their right to sue.") Defendants herein actively concealed their wrongful conduct

1 from plaintiff by failing to disclose their misrepresentations to Hot Topic until the
2 instant litigation, when they produced the Hot Topic Agreement.

3 Second, defendants' wrongful conduct constitutes a continuing wrong. See,
4 *e.g.*, *Transport Truck & Trailer, Inc. v. Freightliner LLC*, 2007 WL 1850823 (D.Id.
5 2007) (applying continuing wrong doctrine to toll limitations period applicable to
6 interference with contract claim); *Automotive Products v. Tilton Engineering, Inc.*,
7 1994 WL 227967 * 10 (S.D.CA. 1994) (course of conduct following termination of
8 franchise agreement constituted continuing wrong causing continuing harm which
9 overcame statute of limitations defense); *Airweld, Inc. v. Airco, Inc.*, 742 F.2d 1184
10 (9th Cir. 1984) (citing *Aurora Enterprises, Inc. v. National Broadcasting Co.*, 688
11 F.2d 689, 694 (9th Cir. 1982) for the proposition that "[a]n example of ... continuing
12 violation is when a defendant actively enforces an illegal contract"). In the case at
13 bar, defendants have continued to require Hot Topic to purchase Skull merchandise
14 exclusively from defendants in continuous and repeated transactions for new Skull
15 merchandise, and thereby continued to prevent defendants from purchasing Skull
16 merchandise from plaintiff or his licensees.

17 Third, plaintiff's claims are subject to equitable tolling. "Equitable tolling ...
18 may suspend or extend the statute of limitations when a plaintiff has reasonably and
19 in good faith chosen to pursue one among several remedies and that statute of
20 limitations' notice function has been served." *Aryeh v. Canon Business Solutions,*
21 *Inc.*, 55 Cal.4th 1185, 1192 (2013). In the case at bar, plaintiff timely pursued his
22 claims concerning co-ownership of the Skull logo before the TTAB, so that
23 defendants were on notice of the claims and have suffered no prejudice as a result of
24 the timing of the filing of the instant action.

25 **IV. EVIDENTIARY ISSUES**

26 Plaintiff does not anticipate any evidentiary issues at this time beyond those
27 addressed in the parties' respective motions in limine.

28 / / /

1 **V. BIFURCATION OF ISSUES**

2 Plaintiff does not seek bifurcation of issues.

3 **VI. JURY TRIAL**

4 Plaintiff's claim for damages for intentional interference with prospective
5 business advantage is triable to a jury. A jury was timely demanded.

6 Plaintiff's requests for declaratory and injunctive relief are triable to the
7 Court; however, the facts and transactions at issue are the same as those which the
8 jury will consider in determining plaintiff's claim for damages.

9 **VII. ATTORNEY FEES**

10 The prevailing party on defendants' counterclaim may claim an award of
11 attorney fees.

12 **VIII. ABANDONMENT OF ISSUES.**

13 Plaintiff has not abandoned any issues.

14
15 DATED: April 6, 2015

KING, HOLMES, PATERNO &
BERLINER, LLP

16
17
18 By: _____/s/_____
19 HOWARD E. KING
20 STEPHEN D. ROTHSCHILD
21 Attorneys for Plaintiff and Counter-Defendant
22 GLENN DANZIG
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CERTIFICATE OF SERVICE

I hereby certify that on April 6, 2015, I electronically filed the foregoing
**PLAINTIFF'S REDACTED MEMORANDUM OF CONTENTIONS OF
FACT AND LAW** with the Clerk of the Court by using the CM/ECF system. I
certify that all participants in the case are registered CM/ECF users and that service
will be accomplished by the CM/ECF system.



Yvette T. Toko